



STATE OF TENNESSEE
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
DIVISION OF WORKFORCE SERVICES
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Workforce Services Policy –Minimum Participant Cost Rate (MPCR)
TN-WIOA (17-11)

Effective Date: May 12, 2017

Duration: June 30, 2018

Subject: Minimum Participant Cost Rate (MPCR)

Purpose:

To implement, in accordance with State Workforce Development Board (SWDB) guidance, the Workforce Innovation and Opportunity Act (WIOA) Title I local area formula funds minimum participant cost rate for allowable WIOA funded services.

Scope:

Office of the Governor, **Title I** – Adult, Dislocated Worker, and Youth Programs, **Title II** – Adult Education and Family Literacy Act Program(AE); **Title III** – Wagner-Peyser Act Program (WP); **Title IV** – Vocational Rehabilitation Program (VR); Tennessee Department of Labor and Workforce Development (TDLWD); Division of Workforce Services (WFS); Tennessee Department of Economic and Community Development (ECD); Tennessee Department of Education (TNED); Tennessee Department of Human Services (DHS); State Workforce Development Board (SWDB); Regional Planning Council (RPC); American Job Center (AJC); One-Stop Operator (Operator); Workforce Innovation and Opportunity Act (WIOA); Local Workforce Development Boards (LWDB); Local Workforce Development Areas (LWDA); other Workforce System Sub-Recipients (Sub-Recipients); Workforce System Partners (Partners); Training and Employment Guidance Letter (TEGL); Training and Employment Notice (TEN).

References:

Public Law 113-128 WIOA of 2014, as amended (29 U.S.C. 3101 et seq.), Section 116(b), Section 116(d), Section 128(b), Section 133(b), Section 129, Section 134; 20 CFR 680.200, 681.460, Office of Management and Budget (OMB) cost principles codified in 2 CFR Part 200, TEGL 19-16, TEGL 21-16; WIOA, Section 101(d)(4)

Background:

Pursuant to **WIOA, Section 101(d)(4)** the SWDB shall assist in the development and updating of comprehensive State performance accountability measures, including State adjusted levels of performance, to assess the effectiveness of the core programs in the State as required under section 116(b). Under this policy the SWDB establishes a minimum participant cost rate (MPCR) as an additional State identified performance accountability measure (**WIOA, Section 116(b)(2)(B)**). This policy is designed to set a benchmark for participant expenditures to more effectively focus Federal resources on serving more individuals which impacts performance and outcomes. This will place more of an emphasis on ensuring financial integrity of taxpayer dollars in partnership with our workforce system stakeholders.

I. Guidance:

Each local workforce development board shall ensure a minimum of 40 percent of their WIOA Title I formula allocations (**WIOA Section 128(b)(4) and 133(b)**) is expended on allowable participant costs under WIOA funded services per **WIOA Section 129(c)(2), WIOA Section 134, TEGL 19-16 and TEGL 21-16**.

For all other types of allowable WIOA funded services not mentioned below, the local WDB or staff should request clarification from the TDLWD staff prior to incurring the cost to ensure the service is allowable and to determine if the costs can be included in the minimum expenditure calculation.

II. Qualifying Expenditures under this Policy:

As defined within this policy, certain WIOA funded services (**20 CFR § 681, TEGL 19-16 and 21-16**) will be considered as "qualifying" expenditures toward the minimum expenditure calculation. In all cases, qualifying expenditures are those that represent the cost of services as described below and do not include administrative, personnel staff or operating expenditures of the LWDB, LWDB staff, one-stop operators, and/or contracted service providers.

A. Youth Services

- 1. Tutoring, study skills training, instruction, and dropout prevention services (20 CFR § 681.460 (a)(1))**
- 2. Alternative secondary school services or dropout recovery services (20 CFR § 681.460 (a)(2))**
- 3. Paid and unpaid work experience (20 CFR § 681.600)**
- 4. Occupational skills training (20 CFR § 681.540)**
- 5. Education offered concurrently with workforce preparation and training for a specific occupation (20 CFR § 681.630)**
- 6. Leadership development opportunities (20 CFR § 681.520)**
- 7. Supportive services (20 CFR § 681.570)**
- 8. Adult mentoring (20 CFR § 681.490)**
- 9. Follow-up services (20 CFR § 681.580)**
- 10. Comprehensive guidance and counseling (20 CFR § 681.510)**

11. *Financial literacy education (20 CFR § 681.500)*
12. *Entrepreneurial skills training (20 CFR § 681.560)*
13. *Services that provide labor market information (20 CFR § 681.460 (a)(13))*
14. *Postsecondary preparation and transition activities (20 CFR § 681.460 (a)(14))*

LWDBs shall not use 100% of youth contract expenditures in the calculation of the 40% minimum participant cost rate. In order for an expenditure to be considered in the calculation of the MPCR, the service must be considered a direct participant benefit associated with a fundable service in JOBS4TN (See Attachment 2).

Test to Determine a Direct Youth Participant Expense

In order to determine if the cost of an activity should be considered a direct Youth participant expense (i.e., fundable activity) that will count towards the LWDA's 40% MPCR, please consider the factors below:

1. If the activity is listed on Attachment 2 of this guidance, the activity qualifies as a direct participant cost to be included in the MPCR calculation.
2. If the activity is not listed, conduct the analysis below:
 - a. But for the WIOA Youth program, in order to receive this service/activity, would the participant have to incur an out of pocket personal expense? If the answer is yes, count the activity as a direct participant expense. (Ex. There are no free or available financial literacy classes offered in the community, if not for the youth program offering the class, the individual would have to incur expenses to participate in a class)

B. Adult and Dislocated Worker Services

1. *Career Services defined (20 CFR § 678.430)* as costs directly benefiting participants (i.e. assessments) and does not include salaries of staff providing the assessments.
2. *Training Services (20 CFR § 680.200 through .230 and 20 CFR § 680.300 through .350)*. Types of training services that may be provided include:
 - a. Occupational skills training, including training for nontraditional employment;
 - b. On-the-job training;
 - c. Incumbent worker training;
 - d. Programs that combine workplace training with related instruction, which may include cooperative education programs;
 - e. Training programs operated by the private sector;
 - f. Skill upgrading and retraining;
 - g. Entrepreneurial training;
 - h. Job readiness training provided in combination with the training services described in any of clauses (a) through (g) or transitional jobs;
 - i. Adult education and literacy activities, including activities of English Language acquisition and integrated education and training programs, provided concurrently or in combination with services provided in any of

clauses (a) through (g); and

- j. Customized training conducted with a commitment by an employer or group of employers to employ an individual upon successful completion of the training.

3. Supportive Services (20 CFR § 680.900)

III. Base Year:

The Base Year is considered to be the first year this policy will be enforced. Program Year 2017-18 (July 1, 2017 through June 30, 2018) will be the Base Year for the Minimum Participant Cost Rate (MPCR) policy. MPCR is calculated by dividing the Total Qualifying Expenditures Incurred by the Total Cumulative Expenditures-Program Only (as reported on the Monthly Expenditure Report). Each quarter, calculate and report the MPCR to TDLWD utilizing the attached MPCR Calculation Template. This report is to be attached to the Status Report submitted via Grants4TN for the respective quarter end month.

IV. Required Action:

The following provisions address continuous improvement steps and include requested information from all LWDA's to assist the areas in meeting and/or exceeding the MPCR by the end of the Base Program Year 2017 (June 2018).

1. All local boards must develop and maintain a policy and local operating procedures to ensure compliance with the 40 % minimum expenditure requirement to include determination of the qualifying expenditures.
2. Calculate and report the MPCR for the current Program Year 2016 (June 2017) to TDLWD utilizing the provided MPCR Calculation Template. This information will be emailed to workforce.board@tn.gov by the close of business on July 31, 2017. This calculation represents your initial starting point.
3. For LWDA's that may fall below the 40% MPCR, it is a requirement that the respective LWDB address the issue and report out a plan that identifies the measures to be taken in order to reach the MPCR by the end of the Base Program Year 2017 (June 2018). This information should be submitted by email to workforce.board@tn.gov with the information provided in #2 of these provisions. This may be an aggressive goal for some LWDA's, however the state is mandating this MPCR be met by June 2018.
4. Beginning the Base Year (2017-2018), the 40% expenditure rate will be reviewed quarterly by the SWDB. To provide for continuous improvement, a local area performing below 40% must submit a brief narrative with the quarterly report explaining why the expenditure rate was not attained. A local Area performing below 40% for three consecutive quarters must submit a local board approved Corrective Action Plan providing a detailed analysis of the inability to attain a minimum 40% training expenditure rate. This Corrective Action must include at a minimum:
 - a) Local Board approved action steps to meet the minimum required rate;

- b) Timeline for meeting the 40% minimum required rate;
- c) Any measurable benchmarks or indicators the plan will ensure the LWDA is on track to meet the expected outcome; and
- d) Acknowledgement by the LWDB that the area is subject to remedies for non-compliance as outlined in **2CFR 200.207 and 200.338** until the MPCR is attained.
- e) Other information the LWDB may want to include in the Corrective Action Plan that will be beneficial for state review and comment.

V. Continuous Improvement

1. LWDAs currently meeting or exceeding the MPCR, should strive to maintain and/or improve their current rate of expenditures in order to meet a State proposed regional MPCR of 50% or greater. It is intended that regions meet the regional MPCR no later than the end of Program Year 2018 (June 2019).
2. The 50% standard will be reviewed and reassessed to determine if it continues to be an appropriate standard after reviewing the results from all LWDAs/regions for the Program Year 2018-19. The state will continue to evaluate the standard to ensure maximum benefit for the participant.

VI. Reporting and Monitoring:

WIOA requires that LWDBs track training-related expenditures (**WIOA sec. 116(d)(2)(D) and WIOA sec. 116(d)(3)(A)**). A review of the requirement to expend 40% of the Workforce Innovation and Opportunity Act (WIOA) funding that is within their direct board control on training as described in this policy will be incorporated into the Monitoring Guide each Program Year. For the purposes of this policy, Local WDBs will report prior Program Year training expenditure outcomes during Program Accountability Review (PAR) monitoring. For example, Program Year 2017 annualized expenses will be monitored in Program Year 2018 to ensure compliance.

Attachment(s)

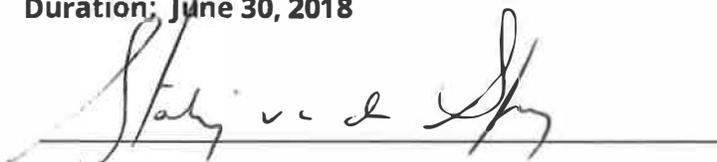
Attachment 1: MPCR Calculation Template

Attachment 2: List of Qualifying Expenditures (based on fundable activities in VOS)

Contact: For any questions related to this policy, please contact Nicholas Bishop, Director of Compliance and Policy-Division of Workforce Services at Nicholas.Bishop@tn.gov

Effective Date: May 12, 2017

Duration: June 30, 2018



Sterling van der Spuy, Administrator

ATTACHMENT 1: Minimum Participant Cost Rate Calculations by Program Year

MPCR Calculation Methodology:

- A. Total Qualifying Expenditures = sum of all allowable WIOA funded services by program as identified Section A and B of MPCR policy
- B. Total Cumulative Expenditure = Total Cumulative Program Expenditures (as reported on the relevant Monthly Expenditure Report)
- C. MPCR by Program = Total Qualifying Expenditures divided by Total Cumulative Expenditure

Notes:

- 1. Per State policy the MPCR calculation excludes obligations and the reserve for Local admin costs
- 2. MPCR is based on the combined formula fund totals not the individual program totals
- 3. the relevant data is the be keyed into the input cells (orange colored cells only)

| MPCR Threshold | | 40.0% | | | | | |
|-----------------------------|--------------|--|---|---------------------|--|---|---------------------|
| Program | Funding Type | Program Year 2015 | | | Program Year 2016 | | |
| | | Quarter End Monthly Expenditure Report | | | Quarter End Monthly Expenditure Report | | |
| | | Total Qualifying Expenditures (A) | Total Cumulative Expenditures-Program (B) | MPCR by Program (C) | Total Qualifying Expenditures (A) | Total Cumulative Expenditures-Program (B) | MPCR by Program (C) |
| WIOA Youth | PY | 397,429.50 | 794,859.00 | 50.0% | 346,580.40 | 866,451.00 | 40.0% |
| WIOA Adult | PY | 33,503.50 | 67,007.00 | 50.0% | 58,350.00 | 145,875.00 | 40.0% |
| | FY | 367,378.50 | 734,757.00 | 50.0% | 402,421.20 | 1,006,053.00 | 40.0% |
| WIOA Dislocated Worker | PY | 32,447.00 | 64,894.00 | 50.0% | 32,510.00 | 81,275.00 | 40.0% |
| | FY | 205,245.50 | 410,491.00 | 50.0% | 146,581.20 | 366,453.00 | 40.0% |
| Grand Total | | 1,036,004.00 | 2,072,008.00 | 50.0% | 986,442.80 | 2,466,107.00 | 40.0% |
| Was the MPCR Threshold Met? | | | | YES | YES | | |

| Two Year Summary | | |
|-------------------------------|--|---------------|
| Total Qualifying Expenditures | Total Cumulative Expenditures (Program Only) | Combined MPCR |
| 2,022,446.80 | 4,538,115.00 | 44.6% |

ATTACHMENT 2: List of Qualifying Expenditures (based on fundable activities in VOS)

Note: as indicated in policy (Section 1: Guidance), the local WDB or staff should request clarification from the TDLWD staff prior to incurring the cost to ensure the service is allowable and to determine if the costs can be included in the minimum expenditure calculation.

| VOS SERVICE CODE | DESCRIPTION | State Policy |
|------------------|--|-------------------------------|
| 180 | Support Service - Child/Dependent Care | Section II.B.3 |
| 181 | Supportive Service - Transportation Assistance | Section II.B.3 |
| 182 | Supportive Service - Medical | Section II.B.3 |
| 184 | Supportive Service - Temporary Shelter | Section II.B.3 |
| 185 | Support Service -Other | Section II.B.3 |
| 186 | Support Service - Seminar/Workshop Allowance | Section II.B.3 |
| 187 | Support Service - Job Search Allowance | Section II.B.3 |
| 216 | Out-of-area job search asst. | Section II.B.1 |
| 217 | Supportive Service - Relocation assistance | Section II.B.3 |
| 219 | Work Experience | Section II.B.1 |
| 223 | Financial Literacy Services | Section II.B.1 |
| 300 | Occupational Skills Training - Approved Provider List (ITA) | Section II.B.2.a |
| 301 | On-The-Job Training | Section II.B.2.b |
| 302 | Entrepreneurial Training | Section II.B.2.g |
| 303 | Distance Learning | Section II.B.2.a and II.B.2.e |
| 304 | Customized Training | Section II.B.2.j |
| 320 | Private Sector Training | Section II.B.2.e |
| 323 | Workplace Training & Cooperative Education | Section II.B.2.d |
| 324 | Adult Educ w/ Occ. Skills Training -Approved Provider List (ITA) | Section II.B.2.i |
| 325 | Employed Worker Skills Upgrading/Retraining | Section II.B.2.f |
| 326 | Support Service - Needs Related Payments | Section II.B.3 |
| 327 | Support Service - Training Allowance | Section II.B.3 |
| 400 | Youth-Summer Employment | Section II.A.3 |
| 406 | Youth-Tutoring, study skills training & instruction | Section II.A.1 |
| 410 | Youth-Leadership Development Services | Section II.A.6 |
| 415 | Youth-Enrolled in Alternative Secondary Education | Section II.A.14 |
| 416 | Youth-Occupational Skills Training - Approved Provider List | Section II.A.4 |
| 419 | Youth-Support Services - Stipends | Section II.A.7 |
| 425 | Youth-Work Experience - Paid | Section II.A.3 |
| 426 | Work Experince - Un-Paid | Section II.A.3 |
| 427 | Youth-Internship - Paid | Section II.A.3 |
| 428 | Youth-On-the-Job Training | Section II.A.3 |
| 430 | Youth-Occupational Skills Training - Non-Approved Providers | Section II.A.4 |
| 431 | Youth-Financial Literacy | Section II.A.11 |
| 432 | Youth-Education Offered Concurrently w/Workforce Prep | Section II.A.5 |
| 433 | Youth-Entrepreneurial Training | Section II.A.12 |
| 434 | Youth-Pre Apprenticeship Activities | Section II.A.3 |
| 480 | Youth-Support Service - Child/Dependent Care | Section II.A.7 |
| 481 | Youth-Support Service - Transportation Assistance | Section II.A.7 |
| 482 | Youth-Support Service - Medical | Section II.A.7 |
| 483 | Youth-Support Service - Temporary Shelter | Section II.A.7 |
| 484 | Youth-Support Service - Incentives / Bonuses | Section II.A.7 |
| 485 | Youth-Support Service -Other | Section II.A.7 |
| F09 | Tutoring | Section II.A.9 |
| F10 | Leadership Development | Section II.A.9 |
| F12 | SS-Transportation | Section II.A.9 |
| F13 | SS- Purchase work related uniforms/attire | Section II.A.9 |
| F14 | SS-Purchase work related tools | Section II.A.9 |
| F15 | SS-Housing Assistance | Section II.A.9 |
| F16 | SS-Utilities | Section II.A.9 |
| F17 | SS-Dependent Care | Section II.A.9 |
| F18 | SS-Medical | Section II.A.9 |
| F19 | SS-Incentives/Bonus | Section II.A.9 |
| F21 | Youth Post Exit Education/Trng Pgm Leading to Postsec Cred | Section II.A.9 |
| F22 | Youth Financial Literacy Services- Follow up | Section II.A.9 |